

IREN Group: the Board of Directors has approved the results at 30th June 2017 - further growth in economic performance and debt reduction.

The first half of 2017 confirms the positive results achieved in the first three months of the year: revenues grew by 17% due to several factors, including the significant increase in electricity sales to end customers (+40%) and in the production of the same commodity (+19%); EBITDA shows a growth of about 6% and net profit increased by 19.5%. Such a positive economic performance is accompanied by a 54 million euros decrease in net debt, in line with the downward trend on a like-for-like basis recorded in the last 24 months. This element is even more significant considering the payment of the 2016 dividends – up by 14% - and equal to 89 million euros.

- **Revenues at 1,813.5 million euros (+16.6% compared to 1,555.2 million euros at 30/6/2016)**
- **Ebitda at 442.3 million euros (+6.0% against 417.1 million euros at 30/6/2016)**
- **Ebit at 257.7 million euros (+7.9% against 238.9 million euros at 30/6/2016)**
- **Group net profit at 145.1 million euros (+19.5% against 121.4 million euros at 30/6/2016).**
- **Net Financial Position at 2,403 million euros, down by approximately 54 million euros compared to 31 December 2016.**

Reggio Emilia, 3 August 2017 - The Board of Directors of IREN S.p.A. today approved the consolidated results at 30 June 2017.

*“The results achieved in the first half-year 2017 confirm the positive growth trend of the Group and its ability to successfully cope with the challenges of the market” - **declared Paolo Peveraro, Chairman of the Group**– “The focus on Clients, on sustainable development and use of resource and on environmental sustainability are the distinguishing features of IREN and allow us to look with great confidence to the future of our Group and to invest in innovative and sustainable solutions with positive repercussions for our stakeholders and for the territories in which we operate.”*

*“The performance reported for the last six months highlights, first of all, the resilience and excellent balance of the Group’s business portfolio” – **commented Massimiliano Bianco, CEO of the Group**, who then added – “the 6% EBITDA growth, in fact, derives equally from unregulated activities, represented chiefly by the energy value chain, and from regulated/quasi-regulated activities accounting for approximately 70% of EBITDA for the first half of the year. The latter results are substantially linked to the water and energy distribution*

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networks and to the management of the waste value chain (collection and disposal). The excellent results reported at EBITDA level are reflected and improved in the Group net profit which grew by 19.5% after a 71% growth in 2015 and a 47% growth in 2016. In addition to this, there has been a steady reduction in net debt, which accounts for -54 million in the first six months of this year. These hugely satisfying results are a solid platform on which to build the upcoming business plan update.”

IREN GROUP: CONSOLIDATED RESULTS AT 30 JUNE 2017

Consolidated revenues in the first half of 2017 stand at 1,813.5 million euros, up 16.6% against 1,555.2 million euros in the same period of the previous year. This increase is linked to a strong growth in commodity prices and volumes: in particular, the electricity price in the Italian Power Exchange underwent a 38% rise, driven by a number of extraordinary and non-recurring events that occurred in the first three months of the year.

EBITDA is 442.3 million euros, +6.0% against 417.1 million euros in the first half 2016. This performance derives from the contribution of both unregulated and regulated/quasi-regulated activities. With regards to the unregulated activities, the energy value chain grew by 15 million euros thanks to the Group's ability in exploiting the flexibility of its generation plants portfolio and in implementing an effective hedging policy which made it possible to exploit the significant opportunities offered by the energy scenario. As far as the network-based business is concerned, the important synergies achieved in the period, in line with the business plan target, were partially offset by a number of negative non-recurring elements. Finally, the contribution of the Waste sector was significant, thanks to an improved saturation of the disposal plants, allowing for higher energy recovery.

EBIT stands at 257.7 million euros, up 7.9% compared to 238.9 million euros at 30 June 2016. The excellent performance obtained at operating profit level more than counterbalances the greater amortization and depreciation charges due mainly to the change in scope of consolidation attributable to Atena and the residual concession of Società Acque Potabili, the latter purchased at the beginning of 2017.

Group net profit stands at 145.1 million euros, a strong increase (+19.5%) compared to 121.4 million euros reported in the first six months of the last year. The significant EBIT performance, along with an improvement in financial charges and lower taxes (due to the decrease in IRES from 27.5% to 24.0%), underpin this significant growth.

Net financial position at 30 June 2017 is equal to 2,403 million euros, down 54 million euros compared to 31 December 2016, and it benefits from a robust cash flow which easily covered the investments for the period and the dividend payment related to 2016, equal to 89 million euros.

Gross technical investments in the period amount to 103.2 million euros.

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IREN GROUP: MAIN RESULTS BY BUSINESS AREA

(millions of euros)	30/06/2017	30/06/2016	Var. %
Revenues	1,813.5	1,555.2	16.6%
Electricity and district heating	554.7	402.5	37.8%
Market	1,248.3	1,084.0	15.2%
Networks (electricity, gas, and water infr.)	421.3	399.7	5.4%
Waste	269.7	254.2	6.1%
Services and other	50.1	31.5	59.0%
Netting and adjustments	-730.6	-616.7	18.4%
Gross Operating Profit	442.3	417.1	6.0%
Electricity and district heating	147.0	118.5	24.1%
Market	69.9	82.9	-15.6%
<i>Electricity</i>	11.0	32.0	-65.6%
<i>Gas and Heat</i>	59.0	50.9	15.9%
Networks	153.0	148.5	3.0%
<i>Electricity networks</i>	35.3	35.3	-0.1%
<i>Gas networks</i>	38.2	36.0	5.9%
<i>Water networks</i>	79.5	77.1	3.1%
Waste	71.1	63.0	12.9%
Services and other	1.2	4.2	-72.5%
Operating Profit	257.7	238.9	7.9%
Electricity and district heating	84.1	59.8	40.6%
Market	48.7	59.4	-18.0%
Networks (electricity, gas, and water infr.)	86.4	87.4	-1.2%
Waste	37.9	29.5	28.6%
Services and other	0.6	2.8	-76.9%

ENERGY (GENERATION AND DISTRICT HEATING)

Revenues of the sector amount to 554.7 million euros against 402.5 million euros reported in the first six months of 2017 (+37.8%). The significant increase is attributable primarily to the commodity price trend in the Italian Power Exchange (+38.2%) together with higher volumes of electricity produced.

EBITDA of the sector is 147.0 million euros, up by 24.1% compared to what was reported at 30 June 2016. This performance continues the trend already reported in 2016 thanks to the contribution of all the generation sectors: first of all, the thermoelectric/co-generative sector, whose higher margins are mainly linked to an active management of the Group's plants, enabling exploitation of the opportunities offered by a particularly positive energy scenario, particularly in the first quarter of the year. The high electricity price had a positive impact also on the hydroelectric sector, more than offsetting the lower volumes produced.

In the first six months of 2017, total **electricity** produced was 4,859 GWh, 20.4% up on 4,036 GWh in the previous year.

The main contribution to this result comes from the thermoelectric/co-generative sector, with an electricity production of 4,223 (+25.6%) offsetting the lower hydroelectric productions, equal to 636 Gwh, (-5.7% against a National level of -13.2%) due to lower water availability.

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Heat production for district heating stands at 1,551 Gwht, a 4.8% growth compared to 2016 figures, thanks to a +3.6% increase in heated volumes, which reached 85 million cubic meters.

At 30 June 2017 **gross investments** amounted to 11.7 million euros, mainly devoted to the cogeneration production sector.

MARKET

Revenues of the Market sector stand at 1,248.3 million euros, up by 15.2% on 1,084.0 million euros reported in the first half 2016: this stemmed primarily from the above-mentioned trend in commodity prices and from higher volumes of electricity and gas sold.

EBITDA of the sector is 69.9 million euros, a -15.6% decrease compared to 82.9 million euros reported at 30 June 2016. This derives chiefly from the electricity sale sector, which was impacted by a commodity price trend that, overall favoured the entire Group's energy value chain, but disadvantaged the specific sector because of the increase in commodity purchase prices (volatility conditions which are unlikely to recur in the second part of the year). This trend has been partially offset by the gas sales sector that benefitted from lower purchase costs thanks also to the utilization of gas storage. In addition, there is particular attention towards final clients, which have increased by around 120,000 in the last 12 months, (and by 200,000 in the last 18 months) reaching 1.7 million thanks also to the inclusion of Salerno Energia Vendite S.p.A. in the scope of consolidation.

Electricity directly sold in the first half of 2017 was 4,763 GWh, down on 5,154 Gwh sold in the same period in 2016 due to the lower quantities sold in the Power Exchange, partially offset by the greater volumes (+40%) sold, instead, to final Clients that guarantee higher margins.

1,674 million cubic meters of **gas** were sold, a 21.9% growth on 1,373 million cubic metres sold in the previous year.

At 30 June 2017 **gross investments** amounted 10.0 million euros.

NETWORKS (ENERGY AND WATER INFRASTRUCTURE)

Revenues in the sector amount to 421.3 million euros, a slight increase compared to 399.7 million euros reported in the first half 2016.

EBITDA stands at 153.0 million euros, up on the 148.5 million euros at 30 June 2016. The achievement of significant synergies along with the enlargement of the scope of consolidation (ATENA and residual water concession of Società Acque Potabili) has more than offset the effect of a number of positive non-recurring elements which characterized the first half 2016, the effect of a number of negative non-recurring elements impacting 1H 2017 and higher costs for the purchase of "white certificates" in the energy infrastructure sector.

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In first half 2017 the Group distributed 2,023 GWh of **electricity**, 736 million cubic metres of **gas** and 89 million cubic metres of **water**.

At 30 June 2017, gross investments in the sector amount to 64.9 million euros for the modernization of the gas and electricity networks and for the construction of the infrastructures as provided for in the “Piani d’ambito” (Territorial plans).

WASTE

In the Waste sector, **revenues** totalled 269.7 million euros, up by 6.1% on the figure reported in the first half 2016 of 254.2 million euros. The increase derives from several elements linked both to the scenario, in particular, the increase in the price of electricity produced, and to strategic factors, such as higher volumes of special waste treated.

EBITDA of 71.1 million euros, a sharp increase (+12.9%) compared to 63.0 million euros at 30 June 2016 is mainly due to improved capacity utilization of the Group’s waste disposal plants, allowing for a higher energy recovery.

The contribution deriving from the coming on stream of REI, the landfill for special waste in Collegno (Turin), was marginal in the quarter but it is destined to increase over the course of the year. The utilization of the plant will enable higher profitability on special waste whose volumes in the first half of the year grew by 25% compared to the same period in the previous year.

Approximately 984,000 tons of waste was treated in the period.

At 30 June 2017, gross investments made in the sector amount to 7.3 million euros mainly devoted to the implementation and development of the “door-to-door” sorted waste collection system and to the maintenance of various plant.

BUSINESS OUTLOOK

The first half of 2017 saw both the consolidation of growth in the Euro area and an underlying positive trend in Italy. This trend was reflected in the stable increase in commodities prices, in particular the PUN (electricity price on the Italian Power Exchange), which increased by 38% between 1st January and 30th June this year, due also to contingent factors linked to the temporary closure of some nuclear power plants in France. This led to a scenario that enabled the Group to exploit significant growth options, reporting improving results driven by performances in the energy value chain, in particular in the generation sector.

These results derive from IREN’s ability to promptly and effectively implement the initiatives outlined in the business plan presented in the second part of 2016. The Group will continue to maintain its focus on achieving the targets set out in the same plan, through: actions based on the continuous improvement of internal efficiency and the consequent achievement of significant synergies; a greater focus on Clients in a multi-business perspective and the consolidation of IREN’s role as an aggregator and development driver in the North-West part of Italy.

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CONFERENCE CALL

The results for the half-year to 30 June 2017 will be illustrated today, 3rd August 2017 at 16.00 (Italian time), during a conference call to the financial community, also broadcast through web casting in listen-only mode on the www.gruppoiren.it website in the investor relations section.

The Manager in charge of drawing up the corporate accounting documents, Mr, Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act, that the accounting information presented herein corresponds to the accounting documents, records and registers.

The Financial Report at 30 June 2017 will be made available to the public as provided for by the law, at the company's headquarters (Via Nubi di Magellano, 30 – Reggio Emilia) at Borsa Italiana S.p.A, and they will be published on the website www.gruppoiren.it.

The financial statements of IREN Group S.p.A. (currently subject to audit) are set out below.

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IREN GROUP: CONSOLIDATED INCOME STATEMENT AT 30/06/2017

(Thousands Euro)

	30.06.2017	30.00.2016 Ridetermined*	Var. %
Revenues			
Revenues from goods and services	1,701,170	1,439,272	18.2
Change in contract work in progress	(4,707)	923	(**)
Other revenues and income	117,069	115,033	1.8
Total Revenues	1,813,532	1,555,228	16.6
Operating expenses			
Costs for raw materials, consumables, supplies and goods	(606,837)	(456,748)	32.9
Services and use of third-party assets	(549,204)	(472,733)	16.2
Other operating expenses	(40,961)	(34,358)	19.2
Capitalized expenses for internal work	11,637	10,130	14.9
Personnel expenses	(185,900)	(184,444)	0.8
Total Operating Expenses	(1,371,265)	(1,138,153)	20.5
Gross Operating Profit (EBITDA)	442,267	417,075	6.0
Amortization, depreciation, impairment and provisions			
Amortization/depreciation	(154,621)	(146,092)	5.8
Provisions and impairment	(29,901)	(32,122)	(6.9)
Total amortization, depreciation impairment and provisions	(184,522)	(178,214)	3.5
Operation Profit (EBIT)	257,745	238,861	7.9
Financial Income			
Financial Income	16,154	13,135	23.0
Financial expense	(56,428)	(65,983)	(14.5)
Net Financial Income	(40,274)	(52,848)	(23.8)
Share of profit (loss) of associates accounted for using the equity method	4,541	705	(**)
Impairment losses on investments	8,572	16,694	(48.7)
Profit before tax	230,584	203,412	13.4
Income tax expenses	(72,673)	(70,454)	3.1
Profit for the period from continuing operations	157,911	132,958	18.8
Profit from discounted operations	-	-	-
Profit for the period	157,911	132,958	18.8
Attributable to:			
- owners of the Parent	145,123	121,436	19.5
- non-controlling interests	12,788	11,522	11.0

(*) As provided by IFRS 3, with the completion for the Purchase Price Allocation, the representation of the first half 2016 financial flows has been redetermined in order to take into account, at the date of the acquisition, the final fair value of the assets and liabilities purchased related to TRM Holding, TRM V, TRM S.p.A., Atena S.p.A. e Atena Trading. Please, for additional information refer to the paragraph "Contents and Form of the Condensed Consolidated Semiannual Financial Statements" of the financial notes

(**) Variation of more than 100%

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IREN GROUP: RECLASSIFIED STATEMENT OF FINANCIAL POSITION AT 30/06/2017

(Thousands Euro)

	30.06.2017	31.12.2016 Ridetermined*	Var. %
Non-current assets	5,226,099	5,232,897	(0.1)
Other non-current assets (liabilities)	(159,015)	(148,513)	7.1
Net Working Capital	199,308	170,991	16.6
Deferred tax assets (liabilities)	63,455	57,899	9.6
Provisions and employee benefits	(549,677)	(561,622)	(2.1)
Assets (Liabilities) held for sale	522	2,498	(79.1)
Net invested capital	4,780,692	4,754,150	0.6
Shareholders' Equity	2,377,636	2,297,043	3.5
<i>Non-current financial assets</i>	<i>(51,113)</i>	<i>(49,950)</i>	2.3
<i>Non-current financial indebtedness</i>	<i>2,894,187</i>	<i>2,967,471</i>	(2.5)
Non-current net financial indebtedness	2,843,074	2,917,521	(2.6)
<i>Current financial assets</i>	<i>(782,559)</i>	<i>(860,245)</i>	(9.0)
<i>Current financial indebtedness</i>	<i>342,541</i>	<i>399,831</i>	(14.3)
Current net financial indebtedness	(440,018)	(460,414)	(4.4)
Net financial debt	2,403,056	2,457,107	(2.2)
Own funds and net financial indebtedness	4,780,692	4,754,150	0.6

(*) As provided by IFRS 3, with the completion for the Purchase Price Allocation, the representation of the first half 2016 financial flows has been ridetermined in order to take into account, at the date of the acquisition, the final fair value of the assets and liabilities purchased related to TRM Holding, TRM V, TRM S.p.A., Atena S.p.A. e Atena Trading. Please, for additional information refer to the paragraph "Contents and Form of the Condensed Consolidated Semiannual Financial Statements" of the financial notes

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IREN GROUP: CONSOLIDATED STATEMENT OF CASH FLOWS AT 30/06/2017

(Thousands Euro)

	30.06.2017	30.06.2016 Ridetermined *	Var. %
A. Opening Net Financial Debt	(2,457,107)	(2,169,369)	13.3
Cash flow from operating activities			
Profit (loss) for the period	157,911	132,958	18.8
Adjustment for non-financial elements	301,281	290,892	3.6
Benefits to employees	(3,484)	(5,487)	(36.5)
Net change in provision for risk and other changes	(15,369)	(10,490)	46.5
Change in other non-current assets and liabilities	8,674	(4,665)	(**)
Other changes	(5,255)	(2,553)	(**)
Taxes paid	(57,471)	(3,726)	(**)
B. Cash flows from operating activities before changes in NWC	386,287	396,929	(2.7)
C. Cash flows from changes in NWC	(82,309)	(114,389)	(28.0)
D. Cash flows from/(used in) operating activities (B+C)	303,978	282,540	7.6
Cash flows from/(used in) investing activities			
Investments in intangible assets, property, plant, equipment and investment property	(103,207)	(97,701)	5.6
Investments in financial assets	(15,175)	(30)	(**)
Proceeds from the sale of investments and changes in assets held for sale	2,794	7,531	(62.9)
Change in consolidation perimeter	(10,127)	(432,778)	(97.7)
Dividends received	1,665	6,979	(76.1)
E. Total cash flow from/(used in) investing activities	(124,050)	(515,999)	(76.0)
F. Free cash flow (D+E)	179,928	(233,459)	(**)
Cash flow from/used in financing activities			
Dividends paid	(88,864)	(86,698)	2.5
Interests paid	(38,935)	(42,451)	(8.3)
Interests received	7,707	7,691	0.2
Change in fair value of hedging derivatives	4,779	(1,730)	(**)
Other changes	(10,564)	(13,779)	(23.3)
G. Total cash flows from/(used in) financing activities	(125,877)	(136,967)	(8.1)
H. Change Net Financial Debt (F+G)	54,051	(370,426)	(**)
I. Closing Net Financial Debt (A+H)	(2,403,056)	(2,539,795)	(5.4)

(*) As provided by IFRS 3, with the completion for the Purchase Price Allocation, the representation of the first half 2016 financial flows has been redetermined in order to take into account, at the date of the acquisition, the final fair value of the assets and liabilities purchased related to TRM Holding, TRM V, TRM S.p.A., Atena S.p.A. e Atena Trading. Please, for additional information refer to the paragraph "Contents and Form of the Condensed Consolidated Semiannual Financial Statements" of the financial notes

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